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C O N F I D E N T I A L SECTION 01 OF 04 AMMAN 005918

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TAGS: PREF PREL KPAL JO UNRWA

SUBJECT: UNRWA BEGINS CONSULTATIONS ON GOVERNANCE REFORM

REF: A. GENEVA 1643

¶B. AMMAN 4200

Classified By: CDA David Hale, per 1.5 (b) and (d).

¶11. (U) This is an action request; see para 13.

¶12. (SBU) Summary and Action Request: As follow-up to its June 7-8 conference in Geneva, UNRWA held informal consultations July 8 in Amman to review governance issues with key stakeholders: current and incoming Advisory Commission chairs Japan and Jordan and top donors the U.S. and European Commission. Echoing positions expressed at the Geneva conference, all participants -- including UNRWA -- agreed that measures needed to be taken to invigorate UNRWA's existing governance structure. Jordan said host governments could not accept new governance structures (e.g., a newly created Executive Committee) but would be willing to work within existing structures -- particularly the Advisory Commission -- to give them more relevance and possibly an oversight role.

¶13. (C) Summary and Action Request Continued: Jordan offered to draft a paper outlining suggested changes to the Advisory Commission, including function and membership, and solicited input from UNRWA and major donors. Jordan proposed that this informal group meet again in late August to review the draft paper prior to presentation to the Geneva conference "core group" in early September. Ideally, a field-based working group on stakeholder relations would then meet over the next year to finalize plans and strategy for an invigorated Advisory Commission. Any changes to the Advisory Commission would require approval from the UN General Assembly. Membership changes, including the question of Israeli participation, could be particularly tricky. In order to protect U.S. interests, we believe the U.S. must play an active role in any discussions regarding UNRWA's governance structure. We also believe that a revamped Advisory Commission, with a broader mandate to oversee UNRWA programs and a membership that more accurately reflects UNRWA's donor base, is in U.S. interests. Post requests Department's guidance on the consultation process proposed by the Jordanians, as well as changes we would like to see in the AdComm or other UNRWA stakeholder meetings. End Summary and Action Request.

BACKGROUND ON EXISTING GOVERNANCE STRUCTURE

¶14. (SBU) As one of the few UN agencies to report directly to the General Assembly, UNRWA does not have an executive committee or governing board that meets regularly to review programs and budgets. It relies instead on four separate and often completely disconnected meetings to solicit stakeholder comments on its programs. In New York, the UNGA-mandated Working Group on Finances meets annually, in September or October, to review UNRWA's budget. The Working Group's report is prepared in advance by UNRWA's External Relations Department and debate is generally limited to quibbles over wording in the report. The Working Group reports to the Fourth Committee. Also in New York, UNRWA holds an annual pledging conference in early December, a largely ceremonial event UNRWA External Relations Director Andrew Whitley acknowledged is of little use, particularly as the timing does not match the budget cycle of UNRWA's largest donors.

¶15. (SBU) In Amman, site of UNRWA Headquarters, the agency holds annual meetings of its UNGA-mandated Advisory Commission (AdComm) and semi-annual meetings of Major Donors and Host Governments (MDM). Neither body produces a written report or agreed objectives for the agency and they have no formal role in reviewing UNRWA programs or budgets. The AdComm's only written product is an annual letter to the Commissioner General that comments on his draft report to the General Assembly. Like the Working Group on Finance report, the AdComm's letter is prepared in advance by UNRWA's External Relations Department and debate is generally limited to the letter's wording. In recent years, debate has centered over how strongly the letter should criticize Israeli actions in the West Bank and Gaza. The AdComm was established in 1949 by UNGA Resolution 302; membership also was established by UNGA resolution and currently includes: Belgium, Egypt, France, Japan, Jordan, Lebanon, Syria,

Turkey, the U.K., the U.S. and the PLO, as an observer. Changes to the composition and mandate of the AdComm require an UNGA resolution.

16. (U) UNRWA's semi-annual MDM has no legislated mandate or membership; it simply grew out of stakeholder desire for greater information on and discussion of UNRWA programs and budgets. While UNRWA presents its budgets and provides updates on programs, there is very little debate and no platform for donors or host governments to make concrete proposals. The MDM in recent years has met in September (just prior to the annual AdComm meeting) and in May. European donors have urged UNRWA to change the meeting to just one large MDM per year, with more regular, technical briefings on budgets and key issues, such as the agency's emergency programs in the West Bank and Gaza. Participation in the MDM is limited to host governments (Jordan, Syria, Lebanon), Egypt, donors who contribute at least USD 1 million to UNRWA's General Fund programs and the PLO, as observer. The number of participants in recent years has hovered around 120. UNRWA also holds semi-annual informal donor briefings on an ad hoc basis, focused on urgent humanitarian needs or more routine technical topics, such as food aid or shelter rehabilitation.

GENEVA CONFERENCE PROMPTS REVIEW
OF GOVERNANCE STRUCTURE

17. (SBU) Noting that participants in UNRWA's June 7-8 Geneva conference had called for the "reinvigoration" of UNRWA's governance structure, External Relations Director Andrew Whitley invited key stakeholders -- current and incoming AdComm Chairs Japan and Jordan plus top donors the U.S. and EC -- to a July 8 meeting in Amman to review existing governance structures and identify next steps. All participants -- including Whitley and UNRWA Deputy ComGen Karen AbuZayd -- agreed that measures needed to be taken to improve the way UNRWA interacts with its stakeholders. GOJ Department of Palestinian Affairs Director General Abdulkarim AbulHaija responded that host governments would not accept new governance structures (e.g., a newly created Executive Committee or Governing Board) but would be willing to work within existing structures to give them more relevance and possibly an oversight role for UNRWA programs and budgets. AbulHaija added that the Advisory Commission, which recently has played virtually no role in the agency's management, would be an appropriate vehicle for reform.

18. (SBU) As incoming AdComm chair, Jordan offered to draft a paper outlining suggested changes to the Commission, including function and membership, and solicited input from UNRWA and major donors. Jordan's initial ideas for reform included more regular meetings of the AdComm in Amman, to review programs, budgets and special projects. The AdComm could also prepare written recommendations to UNRWA. Jordan proposed that this informal group -- Jordan, Japan, the U.S. and EC -- meet again in late August to review the draft paper prior to presentation to the broader "core group" of UNRWA stakeholders in early September. (UNRWA had promised to hold this "core group" meeting as the first formal follow-up to the Geneva conference. See ref a.)

ADVISORY OR OVERSIGHT ROLE FOR ADCOMM?

19. (C) While welcoming Jordan's leadership offer, Whitley noted that stakeholders and UNRWA needed to reach consensus on the appropriate role for the Advisory Commission. Asserting that UN Resolution 302 empowered the AdComm only to "advise" the UNRWA Commissioner General, Whitley said that UNRWA ComGen Peter Hansen interpreted the AdComm's mandate very narrowly. An advisory role is welcomed by Hansen, but an oversight role is not. According to Whitley, Hansen has further argued that any change in the AdComm's function would require a new UNGA resolution. AbulHaija and refcoord separately questioned Hansen's assertion. Other UN resolutions refer to the AdComm's role in developing plans for the organization and administration of the agency, while recent public UNRWA documents state that the Advisory Commission's mandate is to "review" UNRWA programs and activities. A more activist AdComm -- with a membership that includes UNRWA's largest donors -- would better serve UNRWA and stakeholder interests by conducting a critical review of UNRWA programs and priorities and thereby establishing better donor buy-in and support for UNRWA programs. AbulHaija, ECHO Representative Robert Watkins and refcoord noted that a more activist AdComm would require a membership that reflects UNRWA's current donor base. AdComm members Belgium, Egypt, France and Turkey play very little role in UNRWA affairs, while major donors such as Sweden, Norway, the Netherlands and the European Commission have no seat at the AdComm table.

CRITERIA FOR MEMBERSHIP IN REVAMPED ADCOMM

110. (C) Whitley and AbuZayd agreed that a "reinvigorated" AdComm would require new membership but questioned what criteria would be established to determine membership. All meeting participants agreed that the refugee-hosting countries -- Jordan, Syria and Lebanon, as well as the PLO (representing the PA's role as refugee hosting authority in the West Bank and Gaza) should be included. For the donors, financial criteria should be established, some sort of baseline contribution to the agency's programs. Refcoord argued that only contributors to the agency's General Fund programs should be considered, as many of the new Arab donors contributed only to UNRWA's emergency appeals and refused to support the agency's regular budget. AbuZayd and Whitley agreed, noting that Arab support for UNRWA was tied largely to recent crises in the West Bank and Gaza. Whitley then asked what sort of financial basis should be used to determine AdComm membership for donors; a baseline dollar amount or membership in the "top five" donors? Based on 2003 cash contributions to the General Fund, top donors giving more than USD 10 million were: the U.S., European Commission, United Kingdom, Sweden, Norway and the Netherlands. Other major donors in the USD 5-10 million range were: Germany, Denmark, Canada and Switzerland.

111. (C) Refcoord cautioned that membership could be the most difficult question of AdComm reform. Current members may not be interested in giving up their seats, while opening the body to new members could also prove difficult. Israel expressed interest in participating in the Geneva conference, arguing that it has significant interests in UNRWA's operations. The U.S. is committed to promoting Israeli participation in international bodies, yet we also understand that to be effective, the AdComm must remain apolitical. Before proceeding with more public proposals for AdComm reform, this small group must first think carefully about its reform objectives and how to proceed. A field-based group also must obtain guidance from capitals before moving ahead on more substantive discussions.

THINKING ABOUT THE WAY AHEAD

112. (SBU) Whitley proposed that an interested group of 10-12 countries form a working group on stakeholder relations that would meet over the next year to finalize reform proposals and develop a strategy for obtaining any necessary changes to the AdComm's mandate and structure in the General Assembly. Whitley added that the process could be completed as part of or, alternatively, in complement to the EC-chaired Working Group that prepared the Geneva Conference's workshop on management and resource mobilization. While the EC had agreed to call a post-conference working group meeting before September, it was not clear that it would do so. Whitley proposed that the working group include host governments Jordan, Syria and Lebanon, as well as the PLO; on the donor side, Whitley proposed that the top five donors -- the U.S., EC, U.K., Sweden and Norway -- be invited to participate, as well as Geneva conference chair (and management reform advocate) Switzerland. Participants agreed that this group was a logical choice and asked Whitley to seek those countries' views on governance reform.

COMMENT

113. (C) UNRWA is in dire need of a more formalized method of interaction with its key stakeholders. Under the existing, fractured system, UNRWA is able to set programs, priorities and budgets without any real consultations with donors. The result has been years of underfunded budgets and, in more recent years, hugely expensive emergency programs in the West Bank and Gaza that also have gone severely underfunded. At the same time that UNRWA faces these severe budget shortfalls, it also is embarking on an expensive program -- the Medium Term Plan -- in which it seeks over USD 1 billion over five years to make up for years of chronic underfunding and introduce new technologies in its core health and education programs (ref b). Without a systematic way of setting priorities and budgets, UNRWA's programs and financial needs have ballooned over the years to an unrealistic USD 750 million per year. UNRWA's poor approach to management -- promoting unfunded mandates -- contributes to the growing sense of frustration among the region's 4.1 million Palestinian refugees. A more formalized system of setting priorities with key stakeholders would be a first step toward rationalizing budgets and refugees' expectations. A revamped Advisory Commission, with a broader mandate to oversee UNRWA programs and a membership that matches UNRWA's donor base, could play a key role in this process. In order to protect U.S. interests, the U.S. must play an active role in any discussions regarding UNRWA's governance structure.

ACTION REQUEST

¶14. (SBU) Post requests Department's guidance on the working group process outlined by Jordan and UNRWA, particularly the role the U.S. would be prepared to play in such a working group. We also seek guidance on Department's views on the efficacy of the existing governance structure and U.S. willingness to consider changes to the AdComm and the MDM, including membership. L's views on the mandate of the AdComm, as spelled out in UN Resolution 302 of 1949, also would be appreciated.

HALE